Feel the ground trembling underfoot? It’s the largest generation in American history thundering into the economy: more than 92 million millennials, now about 19 to 35 years old. After swaying their parents’ decisions for years, they’ll control $11 trillion of their own by 2030, according to generational expert Cam Marston, who surveys the landscape for his firm Generational Insights. With an estimated $344 billion in inheritances landing in their laps by 2040, they’re going to become the primary consumers of financial advisory and investment services. Advisors who understand this generation and what they need will be able to cultivate the loyalty of clients who will be saving, investing and planning for decades to come.

But you know that. You’ve already put up a website, dipped a toe in the water with LinkedIn and possibly Facebook, and begun to cultivate relationships with your clients’ children. Still, millennials may seem a foreign species if you’re used to clients nearer your own age.

You’re not alone. “We all live in the past, some further back than others,” wrote IA columnist and veteran consultant to the advisory industry Angie Herbers in a January article: “[M]ost baby boomer advisory firm owners […] still think the world largely works the way it did 20 or even 30 years ago.”

While helping create client service programs for a number of advisory firms, Herbers has found that many financial professionals get it wrong when working with millennials. “They often believe an app, a website and automation is the backbone of the ‘new’ generation of wealth,” she said. “We just have not found this to be true.”

With the usual caveat about applying broad generalizations to unique individuals, here’s what several industry authorities have learned about this generation and how to earn its members’ respect.

**Financially Confident (They Say)**

As teens and young adults, millennials basked in economic growth and optimism until the Great Recession yanked the rug out from under everything. Still, many of them say they’re confident about their financial well-being — more confident, in fact, than most of their elders are.

Tyler Nunnally, U.S. strategist for risk tolerance profiling firm FinaMetrica, told us that 43% of its millennial clients report “a great deal of confidence” or “complete confidence” in making good financial decisions. By contrast, only 30% of older clients feel the same degree of certainty. “Time will tell whether this represents a false sense of security,” Nunnally said.

Herbers is skeptical. “I believe they are outwardly self-confident, through social media, with friends and online,” she said. “But when you get them in a room without the pressure of their peers, they are often not confident about their finances. The social pressure to ‘be someone’ is very high among this generation.”

**What They Need To Hear**

“One of the biggest challenges facing millennials,” points out Kol Birke of Commonwealth Financial Network, “is that through advertising and social media, it’s easy to believe that everyone can do everything. We need to help them know what they can do and how to do it.”

But advisors need to be clear about how they want to help. “Millennials want options and flexibility,” Birke said. “They want to have control over their assets.”

**About This Series …**

What do advisors always want? Good clients. How do they find prospective good clients, and what do those prospects want from their advisors? Aye, there’s the rub.

Over the next six months, Investment Advisor and ThinkAdvisor.com will present a series of print articles and digital resources that explain to advisors what they need to know about the three major generations of prospective and current clients. We’ll provide the insights and suggest the tools — even the words you should speak — to first understand, second attract and third service clients from these generations.

Researchers and written by columnist Olivia Mellan and her amanuensis, Sherry Christie, we will explore:

- **Millennials**, currently aged 19–35. How adept are they at using money to get where they want to go?
- **Generation Xers**, aged 36–51. Are they teaching their children about money, or is it still “the last taboo” in their families?
- **Baby Boomers**, aged 52–70. Are they planning effectively for a financial future that could last until they’re 115?
**Millennials: Who Are They and What Do They Want?**

In his classic guide, “The Gen-Savvy Advisor: Advising the Generations in the New Age of Uncertainty” (now in a new edition), Cramer Marston of Generational Insights points out that the cohort born between 1981 and 1997 grew up “protected, praised and programmed by their parents.” After graduating from college at a rate surpassing all previous generations (including Mom and Dad’s), they tend to consider themselves smart consumers, adept at Googling whatever they want to know.

Raised to view their parents’ and grandparents’ age as their equals, they can be startlingly outspoken with gray-haired superiors. Wondrously tech-savvy, they’re also connection-obsessed, so you shouldn’t take it personally when they text their friends while talking to you. If you’re the one being texted, they expect a prompt reply. Older advisors (or bosses) will find them impatient and unhappy with waiting for things that could be done more quickly.

Karl Birke, a senior vice president and financial behavior specialist at Commonwealth Financial Network, believes that many brash-seeming millennials with nonconformist work habits are simply seeking a better quality of life. “A common myth is that this is a lazy, entitled, self-absorbed, feedback-needing generation,” he said. “I think much of that comes from millennials being brave about asking for a world we might all enjoy, such as flexibility in where and when they work.” At heart, they’re not what they want isn’t so unusual. In many ways, the millennials are like the generations who have come before them,” says Angie Herbers, advisor columnist and IA columnist. “They want to be able to provide for their families. They want to achieve their personal goals. They want to have stability in their financial situation. They want personal interaction and customization.”

So far, so good. But as more millennials develop their individual money lives, it’s apparent that many — perhaps most — hesitate to seek professional advice. When they do take their questions to a professional, millennials want to play a role in figuring out the answers. Many want to understand the thinking that goes into a recommendation, not just the final result.

Karl Birke’s view is borne out by information gathered by Julie Littlechild, founder of AbsoluteEngagement.com, who helps professionals and entrepreneurs design businesses to support the lives they want to live. In a survey of 1,000 investors, Littlechild found that two-thirds of those under age 40 said they were actively involved in developing an agenda for meetings with their advisor, compared with less than half of investors in their 40s and just over one-fourth of those who were 50 or older. Littlechild also discovered that even though these younger clients understood that more critical of their advisory relationship, they were more likely to make referrals. A surprising 67% said they’d referred others to their advisor in the past 12 months. “We do know millennials are very brand-loyal and crave human connection,” Birke summed up. “I believe the future will be a hybrid of both human interactions and virtual interaction to make up an ‘experience’ for the millennials to share with their peers.”

**10 Ways to Engage Their Interest**

To understand millennials and reach them where they actually live, our sources suggest advisors take these steps:

1. **Understand that they’re on the move.** “Messages in mass media of experiences that work with my clients,” Herbers said. “Themes such as ‘On your way to…’ ‘Moving toward…’ etc. [The trend of] millennials renting homes tells us they want to keep going, stay in motion. Setting down with peace of mind is not a focus for them.”

2. **Find out what turns them on.** “Maybe it’s dogs,” Herbers suggested. “Maybe it’s babies in Africa. Maybe it’s organic food. Don’t judge, and continue to ask questions about it.”

**“This is a generation that has grown up with an online library [...] The social pressure to be DIYers is very strong among millennials.”**

—Angie Herbers

They may use robo-advice to get started, but they are not particularly enamored of it on an ongoing basis. Most want a more personal advisor. “In my experience, this generation is just as interested as any other generation in human advice,” Birke said. “They are fairly comfortable Googling for answers, including serious issues like medical or financial, but as with any generation there is a lot of avoidance if they see that something may be wrong or a struggle.”

It comes back to a need for better financial education. As Karl Birke said, “These people want information, want guidance and want to be able to work together with an advisor.”

**Where Do They Find Guidance?**

Even while pursuing a DIY path, many millennials yearn for financial guidance. However, Katz commented, “they have a huge issue with trust, especially [after] seeing their parents and grand-parents suffering from consequences of the Great Recession.”

Reluctant to consult a bank, broker or independent advisor, they often seek help from a spouse or partner, parents or friends. Not robo-advisors? Not usually, according to Katz. “While they may use robo-advice to get started, they are not particularly enamored of it on an ongoing basis. Most want a more personal advisor.”

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Does that mean niche marketing? “If you niche it,” Herbers said, “niche on a ‘purpose,’ like animal rights or cancer research, or a ‘path,’ like getting to $1 million in savings or making the most of your passion – a business relationship, doctors or lawyers. My favorite line with millennial friends is ‘What social purpose are you most passionate about?’

3. **Link with what they believe in.** If your services are linked with purposes, ideas and issues that generate positive feelings, you may gain valuable ‘social currency’ that encourages millennials to advocate for your business within their social networks. In his book, “The Gen-Savvy Advisor,” Marston suggests that these qualities could include “green” products, as well as any product that is recognized in a trade magazine, paper; your office building is LEED-certified, efficient technology, sleek design, quirky individuality, simplicity and affordability.

4. **Don’t try to be what you’re not.** “Much of this generation just wants raw honesty,” Birke said. “Growing up bombarded with advertising, they’re not looking for anything that smells like a salesperson, but instead are seeking a professional with information, wisdom and empathy. It’s also a generation that is fluid with messaging. So rather than sending a default newsletter that’s the same for everyone, it’s ideal to get a sense of an individual’s needs and customize as they speak to them.”

5. **Position yourself as an unbiased guide to financial well-being.** Think outside the investing box. Littlechild’s research showed that younger clients wanted to hear from more of their advisor on second careers, volunteer opportunities, succession planning, communicating about money with kids or with a spouse or partner, helping children make better money decisions, caring for aging parents, charitable giving, creating a meaningful legacy and crafting a vision for a meaningful retirement.

6. **Educate non-millennial clients about what you can do for millennials.** “I teach the advisory firms I work with to give short pitches to their non-millennial clients,” Herbers said. “That way, when one of those clients is asked for help by their know-nothing kids or for advice on how to respond in a way that resonates. For example: My financial advisor helped me save for my retirement and create an estate plan. He also helps clients, like yourself, save for causes and purposes you value most while providing for your family and for a meaningful legacy.”

7. **Build awareness with a social media strategy.** “I have not seen social media work as well as non-millennial client education” in a good strategic marketing plan. Herbers cautioned. Nonetheless, a presence in major social media is virtually a must. “To Generation Xers and millennials, social media today is the Yellow Pages of 30 years ago; you must present to be ‘in the game,’” according to Marston. In Littlechild’s survey, many under-40 clients said they follow or connect with their
**Millenials–A Primer for Advisors**

**On Money and Trust**

“Millenials, like no other generation, talk about money. It’s no longer taboo.”

Angie Herbers

“Financial Planning for Animal Lovers:...packaged with a purr...” For example? 
　
**On Technology**

“Your presence in the most popular social media of the day is vitally important to your practice.”

Cam Marston

“They are dependent on technology, and they can be impatient in any setting, or with any person, that is not up to date.”

Cam Marston

**On Their Preferences**

“Within each generation are people with a range of work ethics, and this generation is no different.”

Kol Biske

“Younger clients do tend to have younger advisors. More than a third of investors under 40 in our survey estimated their financial advisor’s age as 30–39.”

Julie Littlechild

**On Retirement**

Millenials could face “the biggest retirement-savings burden in history” because of their delay in saving and investing.

BankRate.com

“More than double the number of Millennials have ‘complete’ confidence in their ability to make good financial decisions versus older generations.”

Tyler Nunnally

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**Millenials and Risk: FinaMetrica’s Data**

FinaMetrica has conducted more than 1 million risk profiles since 1998. Once a risk tolerance questionnaire is completed by an individual, the results are compared to everyone else who has answered the same set of questions.

**FINDING:** With an average mean of around 49, there is a slight variance in the risk tolerance of millennials from a geographical perspective. American millennials are no more or less risk tolerant than their peers in other countries.

**Conclusion:** Millennials have a reputation for financially conservative behavior, but if true, risk tolerance is not the cause. It would appear more likely that risk perception and possibly risk capacity is the cause. A millennial who reached adulthood in 2000 will have seen two major bear markets in the ensuing decade.